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SAVING IRAQ

Mr. Chairman, distinguished Members of the Subcommittee, it is a great privilege to appear before you today and to testify regarding our nation's effort to help bring peace and stability to Iraq.

These hearings could not come at a more important moment. Public opinion in the United States and in Iraq, both of which are absolutely vital to this mission, are poised on the proverbial knife's edge. Iraqis are increasingly frustrated with the failures of the United States and the previous four governments that sat in Baghdad since the fall of Saddam. They see internecine violence eroding their nation and their lives and if they do not see signs of real progress soon, the trickle who are turning to the militias and the insurgents for security and basic services could become a torrent. Most polls show that while the American people remain committed to the notion that success in Iraq is vital to our national security, they too have increasingly concluded that their government does not have a feasible plan to address the many problems there.

Meanwhile, we finally have a new Iraqi government in Baghdad, with a new prime minister in Nuri al-Maliki who has shown a willingness to embrace the need for far-reaching change, at least rhetorically so far. He has already taken positions that his people want him to take and that anyone who wants to see Iraq stabilized can only cheer, but that both his political allies and rivals oppose. Moreover, in recent months, the Bush Administration and the U.S. military have begun to debate making similarly significant changes in our support to Iraq's reconstruction. Those arguing for dramatic change within the armed forces and the Administration desperately need the support of the American people and their Representatives in Congress to make the kind of changes that represent what could be our last chance to save Iraq from all-out civil war.

One Last Chance to Get it Right

The Administration is correct to observe that there are still many positives in Iraq. The most important is the determination of the vast majority of Iraqis to see the political and economic reconstruction of their country succeed. They want a better future and are terrified that failure will mean full-scale civil war. Consequently, they have endured the injustices and disappointments of reconstruction thus far, and most remain hopeful and committed to improving the process of reconstruction. As long as the majority of Iraqis continue to take that view, reconstruction can be turned around to produce a stable, pluralistic Iraq.

Nonetheless, we must recognize that time is working against us. In addition to their impact on the American public, a range of underlying problems are gradually eroding Iraqi public support for reconstruction. Put differently, Iraqis have waited a long time for the meaningful improvements that they hoped for and were promised after the fall of Saddam. The longer that these hopes are

frustrated and they are deprived of basic necessities—security, jobs, regular electricity, gasoline, clean water, sanitation—the more despondent they will become. Over time, that frustration has made many Iraqis conclude that the United States and the Baghdad government cannot or will not provide them with these necessities. Many Iraqis are therefore forced to look elsewhere for security and their basic needs—and in Iraq, elsewhere means the militias and insurgents, particularly rejectionists like Muqtada as-Sadr. Taking a page from Hizballah in Lebanon and Hamas in the Palestinian territories, the militias are providing average Iraqis with a semblance of security, social services, health clinics, jobs, and whatever else is required to gain their loyalty.

Many of the militias and insurgents have slowly begun to battle for control over parts of Iraq and to violently expel those who are not members of their ethnic or religious group. Although this scramble for turf and ethnic cleansing is not yet wide-spread, the fear that it will become generalized is starting to convince those Iraqis who might otherwise support reconstruction that they must cast their lot with the militias or insurgents. Many Iraqis understandably believe that because the government has failed them, only “their” ethnic or religious militia can provide protection from rival ethnic or religious militias.

There is a real risk inherent in the political process as well. Since April 2003, Iraqis have seen four governments come and go: Jay Garner’s Office of Reconstruction and Humanitarian Affairs; L. Paul Bremer’s Coalition Provisional Authority and its partner, the Iraqi Governing Council; the interim government of Ayad ‘Allawi; and the transitional government of Ibrahim Ja‘fari. On each occasion, Iraqis were elated and relieved when the new government took power, believing that they would now have an authority that would deliver security, jobs, electricity, clean water, gasoline and other basic necessities. On each occasion, these governments failed to do so. This alone turned some against reconstruction, but in every case a (diminishing) majority set its sights on the next new government, which was already scheduled to take power in a matter of months, only to be just as disappointed when that new government took power and failed them in the same fashion as its predecessors.

Such a trend clearly cannot continue indefinitely. In December 2005, Iraq elected a new parliament, the Council of Representatives, that will sit for four years and has now produced a new “permanent” government under Prime Minister Maliki with a similar mandate. Iraqis are even more emphatic that this government must finally address their needs. They also are well aware that they may be shackled with this parliament and government for four years, so there is no other new government on the horizon that they can shift their hopes to should this one fail them as the others have. The failures to date have to an extent been alleviated by the safety valve of seeing governments change frequently and the opportunity to go to the polls. Now, however, if demonstrable progress on reconstruction is not forthcoming, then the temptation of supporting militias or insurgents that can deliver, as opposed to yet another government that cannot, could prove too great to resist.

For these reasons, the United States must approach the next six to twelve months as being a decisive moment in Iraq. The new Iraqi government and the United States must begin to fix Iraq’s problems, or our continued failure will propel Iraqis into the arms of the militias and a full-blown civil war. Therefore, the gradual, evolutionary approach to policy changes in Iraq that the Bush Administration has so far employed will no longer suffice. Within the next six to twelve months, Washington and Baghdad must pursue sweeping policy changes to prove that they understand Iraq’s deep-seated problems and that they have the correct schemes to address these problems.

Our critical need right now is to buy ourselves and the Iraqis more time. We cannot possibly solve all of Iraq’s problems in six to twelve months, the best we can do is to lay out a path to do so and start down it. Only very time-consuming programs of training, construction, education and reform can solve Iraq’s underlying problems. Therefore, we must convince Iraqis (and Americans) to give us that time. Iraqis will understandably demand to see material improvements quickly and Washington must respond accordingly. By the same token, because so many Iraqis fear that turning

away from reconstruction will mean civil war, there is every reason to believe that if the U.S. and Iraqi governments can demonstrate that they are making major changes, that the changes are the right ones, and that these changes are beginning to produce positive results for the average Iraqi, most will continue to support reconstruction at least for as long as it keeps moving in the right direction.

We have had several shots at making Iraqi reconstruction work already and so far have failed to make any of them count. We may get more chances than the one we have now, but it would be the height of folly to assume that we will. We simply cannot predict how much more patient the Iraqis and the American people will be, and the trends of increasing internecine violence, eroding Iraqi public optimism, and the installation of Iraq's permanent government—with no likelihood of a better successor on the horizon—means that we must treat this as our last chance. We must assume that if we fail this time, we won't get another shot at success.

What Needs to be Done: The Big Picture

The starting point to understand the problems of Iraq is to recognize that at present, Iraq lacks the military, political, and economic institutions to provide basic security or the minimum necessary services for the Iraqi people to live normal lives. Indeed, the only thing holding the country back from all-out civil war a la Bosnia, Lebanon, and Congo is the presence of roughly 140,000 foreign troops. While this does confirm the Bush Administration's contention that it is critical that the United States maintain a strong commitment to Iraq to prevent it from sliding into civil war, this should not be seen as an endorsement of the Administration's conduct there to date. Frankly, Mr. Chairman, it is appalling that after over three years we still have not been able to build any Iraqi institutions capable of effecting meaningful changes beyond the Baghdad Green Zone without massive American assistance.

Thus, Washington and Baghdad's must develop a comprehensive new strategy to build capable Iraqi institutions able to preserve Iraqi stability and security, and create eventual progress toward a functional and prosperous society. However, doing so will take quite some time—at least several years—and, as noted above, neither the governments of Iraq nor the United States have a luxury of time anymore. Consequently, medium-term institution-building must be coupled with short-term approaches to create some sense of progress in the country. In addition, it is impossible to build new institutions in conditions of insecurity, lawlessness, and internecine strife. So the United States and Iraq must also immediately adopt measures to deal with the security situation facing the country and begin to deliver basic services for key segments of the population.

Of all the many blunders of the United States in Iraq, the greatest was the original sin of allowing a security vacuum after the fall of Saddam's regime in April 2003. Because we did not bring enough troops to secure the country, nor did we give those troops we did bring the mission to protect the population, we allowed a security vacuum to emerge and to persist to this day. This security vacuum led to two intimately related phenomena: a full-blown insurgency, largely based in the Sunni tribal community of Western Iraq, and a failed state, in which the governmental architecture has essentially collapsed and has not yet been effectively replaced by new, capable military and political institutions. Inevitably, vicious sectarian militias emerged to fill this vacuum and these militias are now waging a constant struggle over turf and resources. In other words, Iraq has a daunting combination of insurgency-related problems similar to those of the wars in Vietnam, Northern Ireland, and Algeria, compounded by failed-state challenges similar to those of Lebanon in the 1970s and '80s, the former Yugoslavia in the '90s and the Congo today.

Finally, persistent problems related to the many mistakes that accompanied America's poorly-planned initial efforts at reconstruction continue to erode Iraq's institutional capacity and popular support for U.S.-led reconstruction. Corruption is rampant in Baghdad and has rotted-out nearly every Iraqi ministry. Two-and-a-half years after the fall of Saddam's regime, the Iraqi central government has little ability to effect real change anywhere outside Baghdad's heavily protected

Green Zone. Rather than build ties to their people and improve the lives of their constituents, many Iraqi politicians are becoming disconnected from society at large and more pre-occupied with dividing up the country's wealth between themselves. Although the training of the Iraqi Army is progressing better than previously, it is still inadequate. By focusing the limited U.S. and Iraqi military assets that are available on chasing insurgents in the "Sunni Triangle", the United States has denuded the most populous regions of Iraq of adequate security forces. This has left the majority of Iraqis vulnerable to crime and inter-ethnic attacks. This security failure is part of the vicious circle as it drives Iraqis into the arms of ethnic and sectarian militias that can provide a semblance of security. Meanwhile, Iraqis increasingly resent the U.S. military presence, sometimes out of sheer nationalism, but more often because the U.S. occupation has added burdens to their lives without providing the basic necessities of security, jobs, electricity, gasoline, clean water, and sanitation.

This diagnosis demonstrates what the United States and the new government of Iraq must accomplish in the next six months or so for reconstruction to have a realistic chance of succeeding:

- Coalition and Iraqi forces must concentrate their efforts on Iraq's key population centers to create areas of relative security for the bulk of the people. This is the crux of what is typically called a "spreading oil stain" or "spreading ink spot" strategy. Within these areas of greater security, the Coalition must make a major effort to build new political structures from the ground up, provide basic services, and help jumpstart the local economy.
- The United States must continue to train Iraqi security forces and build the kind of security institutions that will allow the Iraqis to eventually take over the securing of their country. The U.S. is now doing much better at training Iraqi combat forces than before, although we are still far from where we need to be. Four problems in particular will prevent the Iraqi forces from taking over this vital task until they are addressed: lack of combat support and combat service support capabilities; lack of ethnically- and religiously-integrated units that are cohesive and capable; lack of capable and professional junior officers; and a fuller program of training to include informal training, exercises, officer courses, and training in small-unit tactics.
- Iraq desperately needs a central government that can and will lead. This means helping to reform and empower Iraq's ministries and civil society groups. It also means reforming the Iraqi political system to minimize the power of militia leaders, creating incentives for cooperation both within and among ethnic and religious groups, and forcing politicians in Baghdad to care about the welfare of their constituents elsewhere in the country.
- Iraq must adopt a new fixed-distribution system for Iraqi oil revenues. Corruption throughout Iraq, but particularly in the oil and finance ministries, is siphoning off a major share of Iraq's oil wealth. It has made the central government a cockpit for thieves to fight over the division of spoils, rather than a government trying to solve the problems of its people. It is vital that the distribution of oil revenues be centralized, fixed by population per province, and employed, in part, to provide resources directly to local governments, reducing their dependence on Baghdad.
- Because the central government in Baghdad is plagued by so many problems, the United States and the international community must aggressively attempt to reform and bolster local government in Iraq. Power and resources should be pushed out from the center as much as possible, and aid and assistance should be provided to local government and civil society

groups to the greatest extent possible. Because it is typically easier and faster to reform local government than the central government, and because some localities are already less corrupt and more capable than others, we should count on local government to provide basic services more quickly than the central government can.

Security

Security is the most important prerequisite for the reconstruction of Iraq. Although there is no guarantee that reconstruction will succeed with adequate security, it is guaranteed to fail without it. The United States invaded Iraq lacking both the troops and the plans to provide immediate security for the population. As a result, we were unable to prevent looting; we could not reassure the bulk of the population, which favored Saddam's overthrow but was uncertain about our motives; nor could we overawe those elements of Iraqi society considering armed resistance. This failure created a security vacuum that has never been properly filled and that is the single greatest underlying problem in Iraq today.

The key flaw in U.S. military strategy since that original sin has been its inability to provide basic safety for Iraqis. As noted earlier, Iraq suffers both from an insurgency and from being a failed state, and it is the first rule of both counterinsurgency operations and stabilization operations (which are the military operations designed to address the problems of failed states) that the highest priority of military and police forces is to provide security for the populace. In particular, as every successful counterinsurgency and/or stability campaign has demonstrated, this starts with (but is not limited to) tactical defensive operations to ensure public safety. In this, the United States has failed badly. Too much of the U.S. military (and now of newly-trained Iraqi formations) have consistently been devoted to fruitless, and often counterproductive, tactical offensive operations to try to kill or capture Iraqi insurgents.

The consequences of this mistaken emphasis on offensive military operations have been devastating and have been reinforced by the interrelationship of the insurgency and Iraq's failed state. Many of the country's main population centers in central and southern Iraq are under militia control because of the insufficient U.S. and Iraqi military presence. Many Iraqis have been driven to seek protection from "friendly" militias, lending these groups a degree of legitimacy because Coalition forces cannot provide the populace with protection from crime, insurgents, and rival militias.¹ The absence of Coalition forces has also allowed both insurgent groups and the militias to begin low-level ethnic cleansing, assassinations, and other forms of internecine warfare that could prove to be the first skirmishes of a civil war.

In Iraq, the security vacuum has had additional deleterious effects beyond allowing the spread of the insurgency and the rise of the militias. For instance, crime has blossomed throughout the country. Initially of the random, unorganized variety as a great many Iraqis sought to take advantage of the lawless situation and grab as much as they could, crime in Iraq has become increasingly organized, and therefore increasingly more debilitating. Kidnap rings continue to flourish. Anything not guarded is quickly vandalized or stolen and goods (and people) are frequently lost on the roads to bandits. Murder for profit is as common as murder for political causes.

As noted, Coalition military forces must simultaneously wage a counterinsurgency campaign and a stability operation. The single most important objective of both of these missions is to provide basic safety for the population against attack, extortion, threat, and fear. If the population is afraid to leave its homes or is afraid even while in its homes, the insurgents, militias and other forces of chaos have in effect won. The population will not support the government, it will be susceptible to the

¹ A considerable number of the Sunni "insurgent" groups are more properly understood as Sunni militias fighting against the Shi'ah and the Kurds (and their American rivals) because they believe that their opponents mean to oppress them just as Saddam's Sunni-based regime oppressed the Shi'ah and Kurds.

insurgents and militias, and it will not go about its normal business, thereby undermining the economy and the political system. The Iraqi insurgents are largely accomplishing these goals because Coalition forces are too thinly stretched and have left the cities of central and southern Iraq vulnerable to insurgent and terrorist attacks, to militia takeover, and to general lawlessness. For this reason, Coalition forces must fundamentally reorient their priorities towards “area security”—protecting towns and neighborhoods.

Coalition forces must also shift their emphasis from offensive missions designed to “kill bad guys” to defensive missions designed to “protect good guys.” While even counterinsurgency strategies require some offensive components, they should not be their principal focus. Typically in counterinsurgency and stability operations, offensives should only be mounted in immediate counterattack to an insurgent/militia action or when intelligence has clearly identified a high-value target. Even then, the degree to which offensive operations are emphasized is relative to troop numbers. Offensive operations can be employed more liberally only when there are more than enough troops for the defensive missions that are the crux of a counterinsurgency/stability campaign. In Iraq at present, offensive operations need to be de-emphasized because there are not enough troops for vital defensive missions. Offensive operations, particularly large raids, should not be the default mode of security forces as it is for many U.S. and U.S.-trained Iraqi units.

Consequently, the U.S. and Iraqi security forces must focus first on defensive operations to make the Iraqis feel safe in their homes, their streets, and their places of business. This does not mean simply deploying soldiers in defensive emplacements around Iraqi population centers. It means establishing a constant presence throughout those areas to be secured to reassure the population and to deter and defeat insurgents and militias. This means constant patrols (principally on foot); checkpoints; security personnel deployed at major gathering points like markets, entertainment, religious and political events, and main intersections and thoroughfares among other measures. Security personnel should routinely search persons entering large facilities, such as businesses or apartment complexes, street markets or shopping arcades, or sports arenas. Fixed defensive positions, checkpoints, or ambushes can be employed against known routes of insurgent infiltration. Above all, offensive operations should become the exception rather than the rule.

The militias established themselves in central and southern Iraq because the United States never properly filled the post-Saddam security vacuum. The only way to reverse this trend is to fill the security vacuum by deploying U.S., Iraqi and other Coalition forces there. Very few of the Shi’i militias have ever tried to resist Coalition forces when they moved into an area in strength, because they understood that doing so was essentially suicidal. Once the Coalition has concentrated sufficient forces to move back into a population center in central or southern Iraq, it should be able to do so. Coalition forces must then remain in strength over time, and thereby obviate the need that drove the locals to support the militia. This is critical in Iraq not only to create a basis for defeating the insurgency, but to prevent the failed-state aspects of Iraq from causing the country to spiral into chaos and civil war.

Once these initial enclaves are secured, and as additional Iraqi security forces are trained, they should be slowly expanded to include additional communities—hence the metaphor of the spreading “oil stain.” In every case, the Coalition would focus the same security, political, and economic resources on each new community brought into the pacified zone. If implemented properly, a true counterinsurgency approach can win back the entire country.

However, employing such a strategy means superficially ceding control over parts of the country at first and accepting that it will take time before all of Iraq will become a stable, unified, pluralist state. Objectionable though that might appear at first glance, it is worth remembering that the U.S. military and the Iraqi government do not currently control much of Iraq.. Thus, the “oil stain” strategy simply acknowledges that we can only control part of Iraq with the forces currently available and that our control over other regions is at best nominal. It means focusing our efforts on

controlling the most important areas where roughly half the Sunni Arabs live, and where the bulk of the Shi'ah and Kurds, the strongest supporters of reconstruction, also reside. We should concentrate our resources on holding those regions properly, rather than squander them playing “whack-a-mole” with insurgents in areas that we cannot control. Over time, such a strategy will allow us to slowly expand our control over the rest of the country as more resources become available.

Perhaps the most heartening news I have heard from Iraq in recent months is that Lt. General Peter Chiarelli, the new Corps commander in Baghdad has devised a new campaign plan for Iraq along these very lines. This is not surprising because when Chiarelli commanded the 1st Cavalry Division in Baghdad in 2004-5, he employed a similar approach in his AOR and enjoyed tremendous success. He, along with a handful of other outstanding division and regimental commanders, has put such a scheme to work and seen it pay immediate dividends.

As currently conceived, LTG Chiarelli's “Focused Reconstruction” blueprint is a brilliant plan. It is the first military plan for securing Iraq since the invasion that could actually work. It is designed to concentrate U.S., Iraqi, and other Coalition military forces in Baghdad and a number of other major population centers in central and southern Iraq—where the bulk of Iraq's population resides. It is a combined military-political-economic effort that envisions Coalition and Iraqi personnel working hand-in-hand to secure key Iraqi urban areas and immediately revive local governance, basic services, and economic opportunities so that Iraqis see immediate benefit from the operations and will support them. It may be no understatement to say that if any one man can save the reconstruction of Iraq, it is LTG Chiarelli.

Unfortunately, Focused Reconstruction is more a vision than a reality right now. The new Baghdad security plan is the opening move of the plan, but it is being conducted with too few troops (about 75,000 according to press reports, as opposed to the 100-120,000 that would probably be required for a city the size of Baghdad), with a divided command structure that does not match Lt. General Chiarelli's vision of a unified military-civilian chain of command, and without the necessary political and economic assistance to make security in the capital sustainable. Moreover, military personnel have suggested that Focused Reconstruction has not been fully accepted within the armed forces' own hierarchy, and thus there is no political commitment to it either.

Mr. Chairman, it would be a tragedy for the United States and for Iraq to allow Lt. General Chiarelli's Focused Reconstruction to wither on the vine. For the first time, we have a plan rooted in sound historical analysis and tested in actual operations in Iraq. There is every reason to believe that it can succeed where past efforts failed. But it can only succeed if it has the necessary resources. I can think of no more useful role for these hearings to play than to see that it gets the chance.

Building the Iraqi Armed Forces

The training of Iraqi security forces is progressing better than ever before, but there is still a long way to go before they will be able to shoulder the burden of providing security in Iraq alone. The Bush Administration appears correct in stating that there are a large number of Iraqi troops in various stages of readiness and various capacities to assist in security operations. However, even the 235,000-plus Iraqi security personnel in the field or in the training pipeline are inadequate to the task: Iraq probably requires more than twice that number to address the security problems of a failed-state and an insurgency—and, at present, only about one-third of the 235,000 considered “trained” are actually capable of playing a meaningful role in securing Iraq.

An important and related caveat is that the four-level rating system developed by Multinational Security Transition Command Iraq (MNSTCI) and regularly discussed in the media is unhelpful and unrepresentative. Every echelon of the chain of command in Iraq appears to use a different system to rate the readiness of the forces it is training, none appear to correspond easily to one another, and many personnel do not seem to understand the systems used by the echelons above or below them. One level will use colors to denote readiness, another letters, still others use numbers.

Moreover, the rating system used by MNSTCI itself sets the threshold for Iraqi security units too high. Counterinsurgent warfare requires only a small number of truly first-rate forces to serve as a strategic reserve and to conduct what should be rather limited and discrete offensive operations. The vast bulk of security forces are expected to conduct basic defensive missions, particularly area security, which requires far less capability—although it does require basic skills, effective leadership, and a high degree of unit cohesion. Thus, units do not need to reach the highest level of readiness (defined as the capacity to operate fully independently) to play a meaningful role in COIN operations. Plenty of units rated as level 2, or even some rated as level 3, are probably capable of handling their own battlespace while others can still be helpful when working closely with Coalition forces.

U.S. military personnel and the MNSTCI must place a much greater emphasis on the selection and training of Iraqi military leaders, especially at tactical levels. Although many factors go into making a military effective, none is more important than the quality of its leadership at all levels. Unfortunately, the leadership of Iraqi security forces is very mixed. There are some intelligent, honest, brave, and patriotic officers, but there appear to be an equal number who are just the opposite. There are sadists, cowards, incompetents, thieves, along with too many whose first loyalty seems to be to the insurgents, the militias, or organized crime rings. The fact that so many unqualified Iraqis remain as leaders of companies, battalions, and brigades, is a major source of weakness. Moreover, it is often difficult to remove them—frequently, they received their commission and their command because they are important political figures or are related to more senior officers. It is hard for U.S. military personnel to remove even those who do not fall into these categories because Iraq is now a sovereign state and the Americans must often negotiate serious political hurdles to have an Iraqi officer transferred or relieved of his command.

As hard as it may be, improving the quality of Iraq's military leadership is crucial to building Iraqi security forces capable of meeting the nation's problems on their own. Consequently, the U.S. military command—including, but not limited to MNSTCI—must make it a priority for all Americans training Iraqi formations to identify competent personnel and see them promoted, while systematically removing from positions of authority those unqualified for their commands. All echelons of the chain of command must make this a priority so that lower level personnel will have the support of their superiors when pushing to remove unqualified Iraqi personnel.

At the same time, the U.S. training program which is now doing reasonably well at training the combat units themselves, must pay greater attention to the identification and training of Iraqi officers. True leaders take much longer to forge than the units they are to command. Additional training courses need to be added for officers, first to give them the basic soldiering skills that Iraqi officers typically lack; second to provide them with a better grounding in basic civics (and the role of military forces in a democratic society), which almost none of them understand; and last to teach them the art of leadership. At present, some training in all of these areas is provided, but not enough. Greater and longer training is also very helpful in allowing U.S. personnel to observe their Iraqi counterparts and identify both the best and worst among them.

The U.S. and Iraqi high commands must make a much greater effort to create integrated Iraqi security formations. Of the 30-40 best Iraqi battalions available at this time, virtually all are composed of soldiers from a single sect or ethnic group: these units are all Kurd, all Shi'i Arab, or occasionally all Sunni Arab. This has proven necessary because of the need to get some Iraqi formations out in the field and operating alongside Coalition forces promptly; however, it creates problems in the short term and risks in the long term. Many communities are angered by the presence of battalions entirely composed of members of another sect or ethnic group—in particular, Sunni Arab towns and villages react badly to the presence of all-Shi'i Arab units. Since the goal of

the deployments is to make the local populace feel safe and supportive of the security presence, this is counterproductive. This is especially true because in many cases these units were simply militia units inducted *in toto* into the Iraqi security forces, given new uniforms and a new name, but little else. Over the long term, such single-sect units cannot be counted on to remain loyal to the central government in time of great stress. The Iraqi armed forces must be one of the main centripetal forces to overcome the centrifugal forces that could push the country into civil war. These single-sect units might therefore make civil war more likely if, as seems probable, in a future crisis they chose to honor their loyalty to the leaders of their own sect rather than the central government.

Creating capable integrated units will take a great deal more time, effort and resources, but it is critical to the long-term success of the Iraqi armed forces and therefore the country:

- Initially, the MNSTCI should concentrate on building up a small number of truly integrated units as elite formations, principally for psychological reasons. The goal should be to make more Iraqi security personnel want to join these formations.
- The best personnel must be recruited from all of the existing units of the armed forces. They must be provided with higher pay and other benefits to coax them into volunteering for integrated units.
- The integrated units should have longer periods of training with the best Coalition trainers. It is critical for these units to feel confident in their abilities and to have the time for a sense of unit cohesion to develop. Both argue for a longer training period.
- Integrated units should be provided with the best equipment. Indeed, they probably ought to be provided with the full suite of equipment, weaponry, etc., available to U.S. light infantry battalions. Again, it is imperative for the personnel of these units—more than for any other formations in the Iraqi military—to have confidence in their ability to execute their missions. Moreover, because inadequate gear is a constant complaint of Iraqi formations, the integrated battalions should be lavished with equipment so that they feel a degree of “eliteness” and so that other military personnel will want to join the integrated units.
- Integrated units need to be put into operational situations, at least initially, only when their success is virtually guaranteed. Although this should be true for all Iraqi security units as they are formed up, it is particularly true for these units. Their cohesion is likely to be fragile, so they need to be brought along slowly with stress applied only in gradual increments. Moreover, it would be disastrous if these units were involved in a military defeat early on, which could shatter the unit and dampen recruitment. By the same token, reports of their successes would likely strengthen their cohesion and improve recruitment.

Although it is not yet a priority, at some point, the United States will have to make building Iraq’s military support infrastructure a higher priority if the Iraqi armed forces are to take over full responsibility for securing the country. At present Iraqi forces are wholly reliant on U.S. military forces for combat service support and most combat support functions. The Iraqis have taken the first steps toward eventually taking over their training and command and control systems; however, these are effectively the only areas where they have made any progress and even in these areas it has been very modest. The Iraqis have virtually no capacity to handle logistics, communications, intelligence, personnel, maintenance, medical, or transportation on their own, and these services are still almost wholly handled by the Coalition, in reality by the Americans.

This is not a criticism of U.S. policy: a decision was made early on to concentrate on Iraqi combat formations so that they could begin to participate in the fight alongside Coalition units, and this was the right decision. However, given the various limitations from both the American and Iraqi sides, it has meant that combat support and combat service support functions were relegated to very low priorities. Thus, the point is not to object to the current state of affairs, but simply to point out that an important gap exists in this area, and that this gap will have to be filled before the Iraqis are able to secure the country on their own. At present, if the United States (and the American contractors who currently perform nearly all of these functions for the Iraqis) were to withdraw from Iraq, even the most capable Iraqi combat battalions would quickly be rendered ineffective because of the lack of any support.

The Importance of Time. The single greatest problem with all American efforts to train a new Iraqi military has been (and to some extent, continues to be) political pressure to quickly produce more trained Iraqi units to show progress in Iraq. This has been disastrous. The first training program instituted by Maj. Gen. Paul Eaton's team was a perfectly reasonable program, and could have achieved its objectives had the Bush Administration not demanded that he both speed up the training course and increase the numbers of Iraqis trained. Even today, both the Bush Administration and its critics continue to press for accelerated training and a more rapid deployment of Iraqi forces to take over from American soldiers.

This is the worst approach we could take to the training of the new Iraqi armed forces. Our goal should be to expand and intensify the training of Iraqi forces, not accelerate it. The quality of Iraqi forces is far more important than their quantity if our goal is for the Iraqis to shoulder a greater and greater share of the burden of securing their country in the years ahead. The only way to produce troops sufficiently capable of doing so is to give them the time in both formal and informal training to develop such quality.

Although the MNSTCI has established a much-needed process of formal training, this alone is inadequate. The U.S. military would never send its troops straight from basic training into combat. American units are given additional training in small unit tactics, they conduct field exercises, they engage in other forms of training, and are given other opportunities to participate in less-demanding operations before they are committed to battle. The same is true for the Iraqis, and this has been an important failing of the Coalition, which frequently has taken units fresh from their initial training program and committed them to combat in the name of getting more Iraqi units out into the field.

Like all new military units, even after their formal training is completed, Iraqi formations need time to further gel. Unit cohesion needs to be formed in training, but it is inevitably tested by the first operations that a formation undertakes—so too with the confidence of Iraqi recruits, so too with the leadership skills of their officers. What's more, the process of vetting—weeding out those unsuited for the tasks at hand or those working for the enemy—is a lengthy one, and it is not unusual for soldiers and officers to do well in training but fail once placed in actual combat situations. For all of these reasons, it is critical that Iraqi units begin their operational tours under the most permissive conditions. They need to crawl before they can walk.

Iraqi Politics

Securing Iraq is a necessary condition for success, but it is hardly sufficient. It is not sufficient because the goal of security is merely to make possible Iraq's political and economic reconstitution. That is the principal project of reconstruction. Thus it is vital that the United States help develop a new political system that will have the trust of all Iraqis. This new political system must convince Iraqis that there are effective, non-violent means to address their problems; that they will not have to fear that others will use violence against them; that they will have an equal opportunity to pursue a better life for themselves and their families; and that the state has institutions

capable of addressing all of their country's needs. This is the foundation of the compact between a people and their government, and which defines the government's legitimacy.

In the specific circumstances of Iraq today, *these* requirements—not how many people turned out to vote in the election nor how many cabinet posts were given to each party—will define the legitimacy of the new government. Any Iraqi government that cannot begin to deliver on them, no matter how many votes it may have won in elections or how inclusive it is to Iraq's ethnic and religious mix, will be seen as illegitimate by the people. In the most immediate sense, it comes down to whether the new Iraqi government will be able to start improving the lives of the Iraqi people through higher employment, more constant electricity, more readily available clean water and gasoline, and the security that underpins all of these necessities.

Of course, the many missteps of the United States and the various Iraqi governments that followed Saddam's fall have left many Iraqis discouraged, and have opened the door for opponents of reconstruction, like Muqtada as-Sadr and the remnant of the Ba'th party, to propose their own alternatives. They are attempting to demonstrate that they can provide the necessities that Iraqis crave better than the Americans and the new central government can. Thus the risk we face is not just that political reconstruction will fail, but that in failing it will make it possible for chauvinist groups aligned with the insurgency and the militias to gain the support of large sectors of the Iraqi population, likely leading to eventual civil war.

Mr. Chairman, we must therefore recognize, that while the formation of Nuri al-Maliki's national unity government is an event to be cheered, by itself it has absolutely impact on the situation in the country. Now that it has been formed, it must deliver, and that will be the only test of whether it is a positive element in Iraq. However, we must also recognize that its very inclusiveness is potentially its greatest failing. The most important members of the new government are militia leaders of one kind or another. These militia leaders became powerful and one the support of key constituencies by providing them with security and the basic services that the Iraqi central government has been unable to provide since the fall of Saddam. Thus, the most important thing that the Iraqi government must do for reconstruction to succeed—create institutions capable of providing security and basic services to the Iraqi people—threatens their base of power in the country and therefore the thing that they will most staunchly oppose. It is why the most powerful members of the al-Maliki government view their control over various ministries as providing them with opportunities, for graft, patronage (in the form of jobs, contracts, and payouts), and additional weapons with which to attack their rivals. This is decidedly not a recipe for good governance or effective reconstruction and it will require all of the diplomatic suasion and resources of the United States to help Prime Minister Maliki overcome this problem and move the Iraqi government in the right direction despite the likely efforts of members of his cabinet to prevent him from doing so.

Of course, the failure to deliver on basic necessities is only one manifestation of the various problems besetting the Iraqi body politic. There are many others. However, for the sake of prioritization, and because this list is not intended to be comprehensive but rather to focus on what is most important (and how to address it), it is worth concentrating on four key problems in the realm of politics.

1. *Iraq is now a deeply divided society and those divisions are creating animosity, fueling the violence, and preventing the efficient functioning of the Iraqi government.* There were always divisions in Iraq, and it was always the case that after Saddam's fall the sectarian extremists were going to be the best organized and most willing to use violence, thereby giving them other advantages. However, the United States exacerbated these problems by employing explicit quotas for the different denominations, allowing identity to become the dominant force in politics early on, and reaching out to many of the worst of the sectarian

groups to serve in the new occupation-sponsored authorities. Consequently, sectarian divisions have become far more prevalent and entrenched than they were in the past, and in the absence of a general program of national reconciliation or a broader power-sharing arrangement, they are tearing apart Iraq's large, peaceful, and integrated center—including allowing foreign Salafi Jihadists to turn the violent resistance of Iraq's minority Sunni community into a fairly deadly insurgency. Moreover, they have so far precluded the adoption of a workable constitution that might allow the Iraqi government to begin to address some of the country's many problems.

2. *Iraq's central government is now fully-constituted but essentially powerless.* It lacks the resources or the governmental institutions to tackle any of the challenges facing the country without massive external assistance. Iraq's ministries are understaffed and eviscerated by endemic corruption of a kind that Iraqis believe compares unfavorably even with Saddam's despicable regime. Corruption has diverted much of Iraq's oil revenue from reconstruction to the bank accounts of government officials and their friends in organized crime. Iraq's local governments, originally founded by the U.S.-led Coalition in the immediate aftermath of the fall of Baghdad—and a critical element in a proper bottom-up approach to reconstruction—have largely been cut-off and neglected. The failings of Iraq's ministries have hamstrung the development of new military capabilities, reduced the amount of funding available, prevented the development of careful plans for reconstruction, and frightened investment capital out of the country.
3. *Iraq's political parties have only tenuous connections to the Iraqi people and mostly limit their interaction with their nominal constituents.* This too is a product of American mistakes in the wake of the fall of Baghdad. By bringing to office political exiles and extremist groups neither of which truly represented the will of the Iraqi people (and in many cases were unknown to them), we created a political elite that did not come to power via a popular mandate and were, in fact, threatened by true leaders emerging from the people. As a result, Iraq's current leaders have mostly spent their time haggling over the division of power within the government and snuffing out any legitimate efforts by charismatic figures to organize new political movements that would genuinely represent the will of the Iraqi people. This disconnect has helped hinder the provision of basic necessities to the Iraqi people, warped Iraq's decision-making, and soured many Iraqis towards their own leadership.
4. *The United States, the principal occupying power and the driving force behind reconstruction lacks the personnel, the capabilities, the know-how, and even some of the resources to rebuild the Iraqi nation.* Nevertheless, the Bush Administration's policy choices have effectively prevented the United Nations from playing a greater role in Iraq. That, as well as the security threats in Iraq, has also kept many Non-Governmental Organizations (NGOs) from participating in this effort. This is highly problematic because UN agencies and NGOs possess valuable skills and capabilities needed for nation-building.

Conceived broadly, a new approach to political reform in Iraq should consist of six interlocking processes.

1. *National reconciliation.* This is the one aspect of political reform where the U.S. government cannot be faulted for a lack of effort or creativity. That effort must be maintained. What needs to change, however, is the context in which national reconciliation and power-sharing talks are framed. It is hard to see what more the United States could do within this process;

what we can change are other factors outside it but which impinge upon it because they shape the perspective of the various actors in terms of the costs, risks, and benefits of cutting a realistic deal.

2. *Decentralizing power.* Because Iraq's political leaders are consumed with their discussions over power-sharing, because many of them often care little about their constituents, and because Iraq's ministries are virtually powerless, it is critical to shift authority and resources away from the sinkhole of Baghdad and out to local governments that might be able to start delivering on the basic necessities Iraqis crave.
3. *Building central state capacity.* Decentralization can only ever be part of the solution. Ultimately, no matter how federalized Iraq becomes, only a central government will be able to handle certain key services—such as national security, foreign policy, and the direction of the nationwide oil system. Consequently, the United States must simultaneously help build the capacity of Iraqi governmental institutions, in particular by developing a comprehensive program to fight the corruption that is the single greatest factor crippling the central government.
4. *Reforming Iraqi politics and political parties.* Iraqi politicians have only ever known corrupt, predatory, and “winner-takes-all” politics. It is little surprise, therefore, that they are behaving in such a manner. Recognizing the dysfunctional norms with which the reconstruction period began should underscore even more boldly the need to create extensive oversight and institutions that enforce strong accountability. Iraqi institutions need to be structured so that they are continually oriented in the direction of the public good. Moreover, Iraqi politicians need to have stronger incentives to be responsive to their constituents' priorities. This will help force them to spend more time providing basic necessities and less time scuffling among themselves. To the extent that the Iraqi people are happier, this too should diminish the ability of the political leadership to rouse them to support extreme positions. Similarly, Iraqi political leaders need to see clear incentives for forging cross-ethnic and cross-sect coalitions. Iraqi politics needs to shift from being identity-driven to being issues-driven, which will allow a loosening of the deadlock among the current parties by introducing a new range of issues that could forge novel alliances and break up old, identity-based ones. Finally, fostering the emergence of new parties that truly represent the Iraqi people and are concerned about issues, not identity, can reinforce all of the above trends.
5. *Revising Iraq's oil distribution systems.* Iraq's oil can be a blessing or a curse. At present, it is mostly a curse because it simply fuels the vicious infighting among political elites who often are merely looking for a bigger (illegal) cut of Iraq's oil revenue. Iraq's oil revenue must be turned into a blessing by using it to create incentives related to the political reforms listed above: forcing Iraqi politicians to care about and be answerable to their constituents; allowing for decentralization of power beyond Baghdad; and easing the process of national reconciliation by removing oil as an issue to be fought over.
6. *Bringing in additional international assistance.* While this would always have been a positive, its importance has increased dramatically thanks to the failures of the past two-and-a-half years. The UN, NGOs and foreign governments have critical personnel and know-how to help build Iraqi political institutions and thus create more capable local and central government functions. Similarly, international organizations have highly relevant experience

building political parties and guiding political processes toward becoming more transparent, accountable, and representative. Finally, as is now apparent, *the United States is increasingly wearing out its welcome in Iraq, and shifting to a more international approach would likely allow us to prolong the process of externally-assisted reconstruction longer than will a continuing U.S.-dominated approach.*

None of this would have been easy even if it had been planned for before the invasion and properly implemented afterwards. Unfortunately though, current conditions in Iraq are likely to make it that much harder to implement. Specifically, the December 15, 2005 nation-wide elections have produced a new Iraqi government that is supposed to be fully sovereign, permanent, and capable of running the country alone. In truth, it is none of these—the last least of all. However, the reality may be less important than the perception. Many of the changes proposed below are going to be painful for Iraq and even more so for Iraq's current political elite, which of course is both the product, and cause, of so many of the problems that must be solved. Moreover, the repeated failings and mistakes of the United States have considerably eroded Iraqi good will toward their liberators. All of which suggests that U.S. representatives in Baghdad will face a very tough fight in having these changes (or any far-reaching reforms) adopted by the new government.

Decentralization

Reducing the power and influence of the Iraqi central government in Baghdad is both inevitable and necessary. It is necessary because Baghdad has become a major obstacle to reconstruction in all aspects. Iraq's central government is dominated by political leaders many of whose legitimacy, in the sense of actually representing a significant segment of the population, is dubious and who have largely spent their time squabbling over the division of power and spoils, leaving the rest of the country to fend for itself. To make matters worse, they are so jealous of their power and prerogatives that they regularly attempt to prevent those outside of Baghdad (and especially those outside Baghdad who owe them no allegiance) from exercising authority or getting things done. This is not to suggest that there are not some good Iraqi political leaders trying to do the right thing for their country and their people, only that these are too few in number. Iraq's ministries are crippled by corruption, lack many key personnel, are generally undermanned, and largely remain tied to sclerotic bureaucratic practices inherited from the former regime. Baghdad has always been something of a bottleneck in Iraq, but this was greatly exacerbated during Saddam's regime because he wanted every decision to be referred to Baghdad to preclude the emergence of independent centers of power elsewhere in the country.

The result of all of this is that the Iraqi capital is incapable of doing much for the Iraqi people but still prevents the rest of the country from providing for itself. This state of affairs is intolerable: it is one of the main reasons, along with the persistent security vacuum, that Iraqis do not have the basic necessities they so desperately desire (and deserve). Thus the overwhelming requirement to begin materially improving the lives of average Iraqis within the next 6-12 months demands that the United States pursue this goal vigorously, both through its own foreign aid efforts and by pressing the Iraqi government to begin a major effort to decentralize power and resources away from Baghdad and out to local governments that may be able to use them more effectively.

An important part of this process will be building the capacity of local governments so that they can employ the authority and resources to be devolved to them. At present, because they have been so badly neglected, few Iraqi provincial or municipal governments can do so. Thus, this process also demands a major emphasis on capacity building at local level. This is critical for the development of pluralism and good government in Iraq (both of which grow best from the bottom up), and in many ways should be easier than dealing with the incapacity of the central government (which cannot be neglected either, see below). Local governments are, by definition, smaller and

dealing with the needs of fewer people, which makes them easier to reform. Moreover, it will be much easier to build capacity at local levels than at the national level as part of a traditional counterinsurgency strategy: simply put, the Coalition should focus on building capacity only in those areas that begin as part of the initial oil stain, which is far more feasible when considering sub-national governments than when dealing with national-level ministries that are designed and intended to serve the entire country. As the oil stain spreads to new regions, the Coalition should in turn set to work reforming local government in those areas as well.

Federalism is another part of this equation. Whether the United States likes it or not, federalism is inevitable in Iraq. It is possible that had we handled the early days of the post-Saddam era differently, we might have moved Iraqis down a path that would have allowed for the re-creation of a more centralized state, but that is impossible today. The Kurds were always uneasy about a centralized system and having seen all of the chaos and violence unleashed by the Shi'ah and Sunni Arabs against each other, they want even less to do with what goes on there. Unfortunately, the same is now true of many (but hardly all) of the Shi'ah, as noted above. A number of Shi'ah leaders have decided that it would be better for the Shi'ah also to preserve a considerable degree of autonomy from Baghdad so that they can live their lives as they see fit without fear of being told otherwise, or the need to get Iraq's other communities to ratify it. The Sunni Arabs are the most uniformly opposed to federalism, largely because they fear that it will leave the Kurds and the Shi'ah with the vast bulk of Iraq's oil resources (which they assume those two groups will attempt to control locally), but also because they are the most ardently devoted to Iraqi nationalism. But even some Sunnis are beginning to approve of federalism in the realization that the new Iraqi government is likely to be dominated by the Shi'ah for many years to come, and they fear that this could mean that they would be oppressed by the Shi'ah just as Saddam's Sunni regime oppressed them.

To the extent possible then, the United States and the new Iraqi government should begin moving toward a federal system in which the central government retains control of the armed forces, foreign policy, monetary policy and currency, national standards including the regulation of the media, and the regulation of the oil sector (but not its distribution). Most other powers should be allowed to devolve to local governments and the process of filling in the gaps in the constitution should be used to assist this process.

Thus, decentralization is inevitable and necessary, but its course is not set. This creates a very dangerous set of conditions and it is crucial for the United States not to attempt to impede that process, but to foster it and guide it in directions that will assist reconstruction. Some of the most important initiatives that the United States should pursue include:

- *Enhance the political authority and economic and security power of local government.* Wherever possible, the United States and members of the Iraqi government must look for ways to shift various economic, political, social, and even security responsibilities from the central government to local government and provide them directly with the resources necessary to accomplish them. This is the heart of decentralization. It should include the provision of funds directly to local government to be spent at their discretion. Similarly, Iraq's various police forces should be transferred from the Ministry of the Interior (MOI) to the control of local officials (also discussed in greater detail below). Without control over money and even limited security forces, Iraq's local governments will be powerless.
- *Diminish the role of Iraqi ministries by allowing considerable implementation, contracting and even some elements of regulation to be set by local governments.* Iraq's ministries are too heavily involved in implementation of policy. For a variety of reasons, including the fight against corruption, this needs to be changed. Doing so will allow many of the

prerogatives currently exercised by the central government to be transferred to local governments. The ministries need to be reoriented toward setting broad policy, national standards and practices, and for holding both private firms and local governments accountable for implementation, but not for handling the actual implementation themselves.

- *Encourage greater transparency in local government.* Another method of empowering local government is to inject transparency into its procedures. Doing so makes the public more aware, confident, and interested in government decisions. Transparency is both easier and more intimate for local government, where the audience often knows the people and the issues much better than they would know what is going on in Baghdad. Iraqi local governments should be encouraged (or directed) to have regular, open public meetings where members of the public should be able to engage either the local legislature or executive figures directly.
- *Distribute resources and authority based on performance.* Although some degree of funding and control over local security forces should accrue to every locality, there should also be incentives for local governments to exercise power prudently and implement their responsibilities effectively. Moreover, because of the neglect first under Saddam and later under the CPA, the abilities and popularity of Iraqi local government is highly uneven. Iraqis need to see real benefits for improving local government on all counts and the best way to do this is by rewarding those localities that are doing well. Simply put, the better-run provinces should get more funding and other resources.

The Political Dimension of Iraqi Oil Revenues

Like so many other developing countries, Iraq's massive oil reserves have been both a blessing and a curse. A blessing because Iraqis are (relatively) better off today and potentially much better off in the future because of the possibilities created by their country's oil wealth. A curse, because oil has brought rampant corruption and is a major source of internal conflict. Indeed, it is probably the case that the success or failure of political reconstruction in Iraq hinges on (among other things) getting the distribution of Iraq's oil revenues right. This issue is critical to a number of the biggest problems facing Iraq today:

- *National reconciliation will only be possible if all groups believe that an equitable distribution of oil revenues has been put in place.* The lure of Iraq's oil wealth is so vast that any number of Iraqi groups—political parties, militias, insurgents, etc.—would fight if they believed they were being denied their fair share.
- *Rebuilding central government capacity and convincing elected officials in Baghdad to try to improve the lives of their constituents is probably a will-o'-the-wisp until a scheme for accounting for and distributing Iraqi oil resources has been developed.* As long as there is no fixed system for apportioning Iraq's oil revenues, all of the sub-groups in Iraq will continue to fight over the division of the spoils rather than bothering to govern or rebuild the country.
- *Distributing Iraqi oil revenues directly to the provincial and municipal levels of government is key to decentralizing power and resources.* Indeed, for most local governments money is power and is the most important resource. Thus, breaking Baghdad's lock on oil revenues is

also vital to breaking the logjam created by the capital's corrupt and incompetent bureaucracy.

- *An important element in reforming Iraqi politics is to use Iraq's oil revenues to make the Iraqi people interested in the goings on in Baghdad by tying their own material rewards to the actions of the Council of Representatives.* When there is money involved, people pay attention.
- *One way to help galvanize people against both organized crime and the insurgency is to give them a direct stake in Iraq's oil revenues.* If they know that a system has been created which will result in more of the oil money going to their benefit—both directly and indirectly—they will be much more motivated to actively oppose both the criminals who steal the oil and the insurgents who attack the oil production and export systems.
- *Similarly, since a great deal of the corruption in Baghdad stems from misappropriation (or outright theft) of oil revenues, developing a system that makes it harder to steal oil or oil money is also an important part of dampening corruption.*

What all of these imperatives make clear is that Iraq must have a relatively fixed system for the distribution of its oil revenues. Without such a fixed plan, it is impossible to imagine real national reconciliation because all of the parties will continue to fight over who gets how much—and anyone who doesn't like the results will be tempted to resort to force to try to have their way. All of the fighting for oil revenues will distract elected officials and technocrats from the job of running the country, let alone rebuilding it. And varying constituencies could feel alienated by a particularly inequitable division of the pot, possibly pushing them to rebel.

If it is self-evident that Iraq requires a relatively set distribution scheme for oil revenues, it is harder, but not impossible, to stipulate what that scheme should look like *a priori*. Dollar figures can really only be set based on the price of oil, the actual costs of governance (which are not yet available and vary from year to year), and the needs of various projects. However, it is possible to describe the basic features of such a plan and its essential workings. Its key features are:

- *Ensure that there are multiple "baskets" into which Iraq's oil revenues are poured.* Fewer, larger pools of money are always easier to rob than more, but smaller, pools. This plan proposes five separate such "baskets."
- *Basket 1: Some funding of the Iraqi federal government is critical.* In particular, the salaries of federal employees and all members of the nation's armed forces (including the reconstituted ICDC/Gendarmerie which will be part of the Ministry of the Interior) could all reasonably be funded from oil revenues.
- *Basket 2: Fund infrastructure development directly.* Iraq's infrastructure is in a woeful state and it would be ideal to have a pool of money available to directly fund local, municipal, and provincial-level projects to repair and build new infrastructure.
- *Baskets 3 and 4: Create a mixed system for wealth distribution to provincial and municipal governments to promote popular interest in local government and national representation and in turn make both local and national-level representatives more accountable to their constituents.* This is a critical aspect of the proposed system. Just as it is important that some

revenue be used to continue to fund the federal government, so too is it important that a portion of oil revenues also go directly to lower levels in the Iraqi governmental structure to ensure the decentralization of authority, empower local governments, and diminish the amount of resources that must be directed from Baghdad.

Basket 3 would provide oil revenues directly to local governments based on the population in their municipality thus ensuring that every government has some oil money available to it to meet the needs of its citizens.

Basket 4, on the other hand, would provide an additional pool of revenues that could be divided up among the provinces on an annual basis by the Council of Representatives. The idea behind this second pool would be to give the average Iraqi a very tangible interest in the performance of his or her national representatives and encourage deal-making across party and sectarian lines. Since the division of this second pool is variable, and its ultimate distribution would be publicly known, every Iraqi would want his or her representatives to fight for as much of that money to go to their province as possible. It thereby creates a concrete standard by which voters can measure on an annual basis how well their representatives are doing for them. For example, if during one year the average division of this basket were 6 percent per province, then any representatives who delivered over 6 percent would be lauded by their constituents, and any who delivered under the average would be derided—and possibly voted out of office at the next election.

Similarly, since Iraq is now voting for the Council of Representatives based on provincial lists (still not as beneficial as direct geographic elections, discussed below, but much better than the single-district system used in January 2005) such a system would encourage candidates from different political parties but from the same province to work together to get as much of this pool of money as possible for their province so that they all could stay in office. In mixed provinces (and roughly one-third of Iraq's population does live in mixed provinces) this would force Council of Representatives members to associate with their geographic comrades, even though they might be ideological rivals, thereby building up the cross-cutting alliances that are vital to diminishing sectarian cleavages in the Iraqi system.

- *Basket 5: Provide funds directly to the people themselves.* One of the best ways to stimulate the Iraqi economy is by putting money in the hands of the people. This would help reconstruction in several ways. By giving the Iraqi people a direct stake in oil revenues it will energize Iraqis to oppose both organized crime and the insurgents who steal the oil and its revenues and destroy the oil infrastructure. Moreover, by putting money in Iraqi hands and then giving them a choice on how to spend it, market forces are able to operate more efficiently—if the people want to use the money for healthcare, the demand will stimulate the growth of clinics and hospitals and make it more profitable for doctors to stay in Iraq rather than fleeing to the West.

Over the Long Term: Reforming the Iraqi Political Process

Iraq's current political system is not helping the process of reconstruction either—quite the contrary. Here as well, the early mistakes of the United States—first among them allowing a group of exiles and Shi'i chauvinists to determine the shape of Iraq's democratic process—have resulted in a political structure that is exacerbating or even creating many of the problems plaguing the country. There is little evidence to suggest that those parties currently in power really represent the aspirations of the Iraqi people and a good deal to the contrary, their electoral victories notwithstanding. Not surprisingly, the leaders of these parties have few incentives to make the kinds of compromises necessary to achieve the national reconciliation that most Iraqis ardently desire. They have little

incentive to make the government work more efficiently, and every incentive to pocket as much public wealth as they can. Likewise, few of Iraq's political leaders pay much attention to addressing the needs of the Iraqi people.

The only reason that the situation is not worse is that the United States has managed to curb some of the worst excesses of the current leadership, and a small number of those serving in the Iraqi government have turned out to be both morally upright and committed to the notion of a safe, prosperous Iraq. However, we cannot count on a few good apples curing the bunch. Instead, key features of the Iraqi system need to be reformed so that the country has a better chance of solving its many problems.

Consequently, the United States must also work toward a real process of political reform in Iraq to engineer a shift toward political structures that would have a greater prospect for insuring good governance well into the future. This should include:

- *Revising Iraq's electoral system.* Iraq's current electoral system employs a modified form of proportional representation which is hindering the emergence of many key features of democracy and could eventually prove disastrous for Iraq. All party leaders want proportional representation because it rewards party loyalty and favors weak national parties over strong individual candidates. It is only natural that Iraq's party leaders favored it, especially so given how little popular support most of them had when they first took power. Proportional representation has made every election a choice among these various parties—because they were the best organized—even though Iraqis might not have voted for any of the individuals on their party slates if the candidates had had to run on their own in local elections. This is also one of the reasons for the growth of sectarianism in Iraq: since the United States empowered a number of chauvinistic and religiously-based Shi'i parties and most Iraqi Shi'ah had few other choices for whom they could vote (and Ayatollah Sistani urged them to vote for these parties), they garnered a huge percentage of the vote, in many cases by default. Once in power, those Shi'i chauvinists proceeded to act, unsurprisingly, like Shi'i chauvinists. This alienated the Kurds and Sunni Arabs, and marginalized the secular exile parties, the most important of which had already been discredited by the inability of Ayad Allawi's interim government to live up to its promises during the period June 2004-January 2005.

Instead, Iraq should be encouraged to shift to direct, geographic representation, as in Great Britain and the United States, because this would encourage parliamentary compromise (and national reconciliation) and force legislators to pay close attention to the needs of their constituents. Geographic representation favors the individual candidate over the party, thus allowing the emergence of strong, popular figures. And because every parliamentarian is elected by a specific district, he or she must care deeply about the well-being of those voters. Moreover, a geographically-based "winner-takes-all" system emphasizes compromise within the legislative process. Candidates from districts representing mixed populations have a tremendous incentive to find solutions that will secure the support of all of their constituents. Thus, while proportional representation pushes parliamentarians toward the extremes (to demonstrate the differences between the parties) geographic representation pushes parliamentarians toward the center. And Iraq desperately needs a political system that will encourage compromise across party and sectarian lines.

- *Supporting political parties that run on issues—even single issues—rather than identity.* It is vital to change Iraq's political discourse from a debate over identity to a debate over issues, both because doing so would further weaken the strength of the sectarian blocs and because

differences over issues can more easily be solved through a democratic political process than can fundamental clashes between sects. The U.S., foreign governments, international agencies, and NGOs should encourage groups of Iraqis particularly passionate about specific issues to form political parties and run for office based on those issues. An Iraqi “Green” party dedicated to environmental concerns, an Iraqi feminist party dedicated to equal rights for women, or an Iraqi farmers’ party dedicated to supporting Iraq’s agricultural workers would all be positive developments. There are conservationists, women and farmers in every ethnic group, and the more that they could be linked and convinced to make politics about issues, not identity, the better off the state will be.

- *Funding start-up parties.* The United States is already providing a fair degree of support to Iraqi political parties. This simply needs to be continued and expanded.
- *Punishing Iraqi parties that prevent new parties from emerging.* This is probably the most important step that the United States can take to advance this goal. There are widespread allegations of established parties using every method available to them, including violence and murder, to prevent rivals from emerging that could challenge them for power. Washington should obviously press the Iraqi government to investigate such charges, and prosecute those believed to be responsible. However, the Iraqi government has a poor track record on this matter and so it would behoove us to pursue it independently as well. The United States should attempt to investigate charges of suppressing political rivals independently, and if the investigation finds another Iraqi political party guilty, the United States should impose its own sanctions against that party. These sanctions could include barring the party or its members from receiving any U.S. aid (including reconstruction contracts), barring U.S. diplomatic or military personnel from meeting with members of the party, or barring them from traveling to the United States.

Obviously, this list of what the United States and the government of Iraq must accomplish in the next six months or so is incomplete. There are a great many other tasks that must also be tackled during this time period. However, both Washington and Baghdad must concentrate on specific priorities, and this list encompasses many of the most important changes needed to give reconstruction a realistic chance of success. We certainly have our work cut out for us, but the task is not impossible. After three years of repeated failure, Iraq still has not fallen apart. There is considerable internecine violence—arguably a low-level civil war—but it has not yet escalated to all-out civil war because the Iraqis do not want to tread that path and though they are increasingly angry and frustrated with the United States they continue to recognize that they need us to hold the country together and help them get back on their feet. That is an important starting place for what may well be our last chance to save Iraq.